

Appalachian Power Company
 Capacity Cost of Service Formula Rate
 Workpaper 1 - Production System Peak Demand
 For the Year Ended December 31, 2017

Month	(EPT)		Demand (MW)	Source ¹
	Day	Hour		
July	19	1800	5,512.6	CBR
July	20	1700	5,616.0	
July	21	1700	5,274.6	
June	12	1800	5,128.0	
June	13	1700	4,580.4	
Average Peak			5,222.3	
Average Production System Peak Demand			5,222.3	

Company's average five CP demands at time of PJM system peak.

Notes:

¹ CBR indicates that data comparable to that reported in the FERC Form 1 is from the Company's Books and Records.

Appalachian Power Company
 Capacity Cost of Service Formula Rate
 Workpaper 2 - Production Revenue Credits
 For the Year Ending December 31, 2017

	Total	Production		Source ¹
		Demand	Energy	
Total	0	0	0	CBR
	0	0	0	

Notes:

¹ CBR indicates that data comparable to that reported in the FERC Form 1 is from the Company's Books and Records.

Appalachian Power Company
Capacity Cost of Service Formula Rate
Workpaper 3

Intentionally left blank - not applicable.

Appalachian Power Company
Capacity Cost of Service Formula Rate
Workpaper 4

Intentionally left blank - not applicable.

Appalachian Power Company
Capacity Cost of Service Formula Rate
Workpaper 5a - Materials and Supplies
Balances as of December 31, 2017

Period	Function ²	1540001	1540004	1540006	1540012	1540013	1540022	1540023	M&S	Source ¹
		M&S Regular	M&S Exempt Material	Lime and Limestone	Urea Charge	Transportation Inventory	M&S Lime & Limestone Intransit	M&S Urea	M&S Total	
Dec-17	Production	66,350,846	633,792	3,193,513	149,861	0	314,537	2,997,855	73,640,404	
	Transmission	12,338,980	0	0	0	0	0	0	12,338,980	
	Distribution	12,269,058	0	0	0	854,987	0	0	13,124,045	
	Total	90,958,884	633,792	3,193,513	149,861	854,987	314,537	2,997,855	99,103,429	110.48.c

Period	Function ²	158	Source ¹
		Allowances	
Dec-17	Production	22,933,021	
	Transmission	0	
	Distribution	0	
	Total	22,933,021	110.52.c

M&S December 2017		
Dec-17	Production	74.31%
	Transmission	12.45%
	Distribution	13.24%
	Total	100.00%

Notes:

¹References to data from FERC Form 1 are indicated as page#, line#, col.# for the ending total balances.

²CBR indicates that data comparable to that reported in the FERC Form 1 is from the Company's Books and Records.

Appalachian Power Power Company
 Capacity Cost of Service Formula Rate
 Workpaper 5b - Fuel Inventory
 For the Year Ended December 31, 2017

<u>Period</u>	1510001 Fuel Stock <u>Coal</u>	1510002 Fuel Stock <u>Oil</u>	1510003 Fuel Stock <u>Gas</u>	1510004 Fuel Stock <u>Coal Trans</u>	1510019 Fuel Stock <u>Prepays</u>	1510020 Fuel Stock <u>In Transit</u>	Fuel Stock <u>Total</u>	<u>Source</u> ¹		
Dec-17	78,363,297	3,314,068	328,950	-	-	2,764,207	84,770,522	110.45.c		
									Total	84,770,522
<u>Period</u>	1520000 Fuel Stock <u>Undistributed</u>	<u>Source</u> ¹								
Dec-17	4,541,320	110.46.c								

Notes:

¹ References to data from FERC Form 1 are indicated as page#, line#, col.# for the ending total balances.

Appalachian Power Company
Capacity Cost of Service Formula Rate
Workpaper 5c - Prepayments
For the Year Ended December 31, 2017

Period	1650001 Prepayments Insurance	1650004 Prepayments Interest	1650005 Prepayments Employee Benefits	1650006 Prepayments Other	1650009 Prepayments Carrying Cost	1650021/1650023 Prepayments Ins. & Lease	1650031/1650033 Prepayments Work Comp	16500217/16500218 Prepayments Taxes	Prepayments Total	Source ¹
Dec-17	2,071,930	24,773	-	2,595,636	99,242	1,423,834	-	2,796,975	9,029,564	111.57.c
Period	165001217 Use Tax	16500035 Work Comp	16500033 Work Com-Aff	1650032 Prepaid OCIP WC	1650034 PPD OCIP WC					
Dec-17	17,174	-	-	-	-					
Period	Excluded Rate Base ²	Non Labor Related ²		Labor Related ²						
Dec-17	-	9,029,564		-						

Notes:

¹ References to data from FERC Form 1 are indicated as page#, line#, col.# for the ending total balances.

² Data comparable to that reported in the FERC Form 1 is from the Company's Books and Records.

1650001 - This account shall include amounts representing prepayments of insurance.

1650004 - This account shall include amounts representing prepayments of interest.

1650005 - This account shall include amounts representing prepayments of employee benefits.

1650006 - This account shall include amounts representing prepayments of other items not listed.

1650009 - This account is used for factoring the AEP-East electric accounts receivable.

1650021 - This account shall include amounts representing prepayments of insurance with EIS (Energy Insurance Services).

1650023 - Track balance of prepaid lease expense for agreements that qualify as a lease under company policy and are not tracked in PowerPlant Lease Accounting system will use this account.

16500216 - This account shall include amounts representing prepayments of taxes.

165001216 - Prepaid Use Taxes

1650031 - Prepaid Workers Comp

1650032 - Record workers compensation for contractors

1650033 - Record workers compensation current charges

1650034 - Prepaid OCIP Work Comp LT

Appalachian Power Company
Capacity Cost of Service Formula Rate
Workpaper 6a - Plant in Service
For the Year Ended December 31, 2017

Line	Month	Production				
		Total		ARO		Excluding ARO
		Amount	Source ¹	Amount	Source ¹	
1	Dec-17	6,403,925,223	205.46.g	92,702,170	205.15,24,34,44.g	6,311,223,053
2	Total					6,311,223,053
Transmission						
		Total		ARO		Excluding ARO
		Amount	Source ¹	Amount	Source ¹	
		3	Dec-17	3,018,312,132	207.58.g	-
4	Total					3,018,312,132
Distribution						
		Total		ARO		Excluding ARO
		Amount	Source ¹	Amount	Source ¹	
		5	Dec-17	3,761,628,851	207.75.g	3,069
6	Total					3,761,625,782
General						
		Total		ARO		Excluding ARO
		Amount	Source ¹	Amount	Source ¹	
		7	Dec-17	232,421,405	207.99.g	781,035
8	Total					231,640,370
Intangible						
		Total		ARO		Excluding ARO
		Amount	Source ¹	Amount	Source ¹	
		9	Dec-17	148,963,347	205.5.g	-
10	Total					148,963,347
11	12 Months December 31, 2017 Plant In Service (excluding ARO)					13,471,764,684

Notes:

¹ References to data from FERC Form 1 are indicated as page#, line#, col.# for the ending total balances.

² CBR indicates that data comparable to that reported in the FERC Form 1 is from the Company's Books and Records.

Appalachian Power Company
Capacity Cost of Service Formula Rate
Workpaper 6b - Accumulated Depreciation
For the Year Ending December 31, 2017

Line	Sum of end_bal	Function				Grand Total	Balance Sheet	
Account	Distribution Plant - Electric	General Plant	Production Plant	Transmission Plant - Electr	Grand Total			
1080001 ARO	(1,860.44)	(638,767.32)	(32,579,043.83)		(33,219,671.59)			
1080001/1080011	(1,281,399,048.81)	(78,214,229.22)	(2,319,797,867.03)	(758,223,557.28)	(4,437,634,702.34)	-	(4,470,854,373.93)	
1080005	8,349,967.40	311,414.39	12,984,965.21	41,865,033.90	63,511,380.90	29,215.42	63,482,165.48	
1110001		(80,343,332.24)			(80,343,332.24)	28,177.23	(80,371,509.47)	
1080013								
Grand Total	(1,273,050,941.85)	(158,884,914.39)	(2,339,391,945.65)	(716,358,523.38)	(4,487,686,325.27)	57,392.65	(4,487,743,717.92)	
Ln6-Ln2	Exc ARO	(1,273,049,081.41)	(158,246,147.07)	(2,306,812,901.82)	(716,358,523.38)		(4,454,466,653.68)	

*1110001 General plant includes intangible plant
*1080001/1080011 Excludes ARO portion, identified separately

(4,407,342,993.03) FF1 219.29
(80,343,332.24) Balance Sheet 1110001
(4,487,686,325.27)

Notes:

¹ CBR indicates that data comparable to that reported in the FERC Form 1 is from the Company's Books and Records.

² Note: Excludes reserve on Asset Retirement Obligations, to reflect their removal from gross plant.

³ References to data from FERC Form 1 are indicated as page#, line#, col.# for the total balances.

Appalachian Power Company
Capacity Cost of Service Formula Rate
Workpaper 6c - General Plant and Intangible Plant
For the Year Ended December 31, 2017

<u>Description</u>	<u>Account</u>	<u>31-Dec-16</u>
<u>Intangible Plant (FF1, 205.2-5 g)</u>		
Organization	301	133,394
Franchises and Consents	302	15,256,991
Miscellaneous Intangible Plant	303	133,572,962
TOTAL INTANGIBLE PLANT		148,963,347
<u>General Plant (FF1, 207.86-97,g)</u>		
Land	389	15,156,552
Structures	390	120,820,404
Office Equipment	391	8,897,328
Transportation	392	8,674
Stores Equipment	393	1,764,272
Tools, Shop, Garage, Etc.	394	32,170,664
Laboratory Equipment	395	2,830,764
Power Operated Equipment	396	0
Communications Equipment	397	43,098,607
Miscellaneous Equipment	398	6,893,105
Other Tangible Property	399	0
TOTAL GENERAL PLANT		231,640,370
General Plant (FF1 207.86-97 g)		
Total General and Intangible Exc. ARO		380,603,717
Total General and Intangible	205.5.g, 207.99.g	381,384,752

Note: Total includes Intangible Plant.
References to data from FERC Form 1 are indicated as page#, line#, col.# for the ending total balances.

Appalachian Power Company
Capacity Cost of Service Formula Rate
Workpaper 6d - Depreciation Expense
For the Year Ended December 31, 2017

<u>Depreciation and Amortization Expense</u>	<u>Amount</u>	<u>Source</u>
Steam Production	171,777,084	FF1, 336, 2, b & d
Hydraulic Production - Conventional	3,325,910	FF1, 336, 4 b
Hydraulic Production-Pumped Storage	2,669,537	FF1, 336, 5 b
Other Production Plant	15,155,453	FF1, 336, 6 b
Transmission	48,271,292	FF1, 336, 7, b
Distribution	136,176,464	FF1, 336, 8, b
General	4,760,969	FF1, 336, 10, b & d
Intangible Plant	18,848,943	FF1, 336, 1, d
<i>Sub-Total</i>	400,985,652	FF1, 336, 12, b & d
<i>ARO Dep Exp</i>	3,123,758	FF1, 336, 12, c
Total Depreciation Expense	404,109,410	FF1, 336, 12, f

Appalachian Power Power Company
Capacity Cost of Service Formula Rate
Workpaper 7

Intentionally left blank - not applicable.

APPALACHIAN POWER COMPANY
 SPECIFIED DEFERRED CREDITS
 PERIOD ENDED DECEMBER 31, 2016
 Workpaper 8a

	<u>COLUMN A</u>	<u>COLUMN C</u>	<u>COLUMN E</u>	<u>COLUMN M</u>	<u>COLUMN N</u>	<u>COLUMN O</u>	
	<u>ACCUMULATED DEFERRED FIT ITEMS</u>	<u>BALANCE AS OF 12/31/2017</u>	NON APPLICABLE NON UTILITY <u>BALANCE AS OF 12/31/2017</u>	<u>FUNCTIONALIZATION AS OF 12/31/2017</u>			
				<u>GENERATION</u>	<u>TRANSMISSION</u>	<u>DISTRIBUTION</u>	
1.00 ACCOUNT 281:							
2.01 TX AMORT POLLUTION CONT EQPT		289,979,891		289,979,891	-	-	
2.02							
2.03 NON-UTILITY DEFERRED FIT		0	0				
2.04 SFAS 109 FLOW-THRU 281.3		0	0				
2.05 SFAS 109 EXCESS DFIT 281.4		(115,991,956)	115,991,956				
2.06		0	0				
3 TOTAL ACCOUNT 281		<u>(115,991,956)</u>	<u>115,991,956</u>	<u>289,979,891</u>	<u>0</u>	<u>0</u>	CHECKS TO FERC Form 1, pg. 273, In 8
4 ACCOUNT 281 - ARO-Related Deferrals		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
5 ACCOUNT 282:							
5.01 BOOK VS. TAX DEPRECIATION		1,422,389,909		380,126,870	497,638,694	544,624,346	
5.02 FERC ORDER 144 CATCH UP		0		-	-	-	
5.03 CAPD INTEREST - SECTION 481(a) - CHANGE IN METHD		607,482		190,116	256,408	160,958	
5.04 RELOCATION COST - SECTION 481(a) - CHANGE IN METH		117,769		-	-	117,769	
5.05 PJM INTEGRATION - SEC 481(a) - INTANG - DFD LABOR		(1,487)		-	(1,487)	-	
5.06 R & D DEDUCTION - SECTION 174		3,685,427		3,192,456	137,675	355,297	
5.07 BK PLANT IN SERVICE-SFAS 143-ARO		23,570,936		23,336,500	(571)	235,007	
5.08 MNTR CARBON CAPTURE - SFAS 143 - ARO		(2,239,125)		(2,239,125)	-	-	
5.09 NORMALIZED BASIS DIFFS - TRANSFERRED PLANTS		25,679,713		25,679,713	-	-	
5.10 DFIT GENERATION PLANT		76,552,290		-	-	-	
5.11 GAIN/LOSS ON ACRS/MACRS PROPERTY		127,431,398		57,173,303	10,118,193	60,139,902	
5.12 GAIN/LOSS ON ACRS/MACRS-BK/TX UNIT PROP		(15,126,383)		(15,126,383)	-	-	
5.13 ABFUDC		1,187,652		1,187,551	36	65	
5.14 ABFUDC - TRANSMISSION		1,728,039		-	1,728,039	-	
5.15 ABFUDC - GENERAL		13,226		-	4,747	8,479	
5.16 ABFUDC - DISTRIBUTION		4,519		-	-	4,519	
5.17 TAXES CAPITALIZED		0		-	-	-	
5.18 PENSIONS CAPITALIZED		0		-	-	-	
5.19 SEC 481 PENS/OPEB ADJUSTMENT		(70,199)		(65,939)	(2,022)	(2,238)	
5.20 SAVINGS PLAN CAPITALIZED		0		-	-	-	
5.21 PERCENT REPAIR ALLOWANCE		16,653,461		11,449,767	1,736,186	3,467,508	
5.22 BOOK/TAX UNIT OF PROPERTY ADJ		112,833,639		99,778,639	3,367,000	9,688,000	
5.23 BK/TAX UNIT OF PROPERTY ADJ-SEC 481 ADJ		159,720,270		89,984,520	16,766,400	52,969,350	
5.24 BOOK/TAX UNIT OF PROPERTY ADJ: AGR TRANSFER		27,045,497		27,045,497	-	-	
5.25 BK/TX UNIT OF PROPERTY ADJ-SEC 481 ADJ: AGR TRANSFER		5,444,910		5,444,910	-	-	
5.26 TX ACCEL AMORT - CAPITALIZED SOFTWARE		3,163,999		1,086,397	512,933	1,564,669	
5.27 CAPITALIZED RELOCATION COSTS		4,791,947		-	411,755	4,380,191	
5.28 EXTRAORDINARY LOSS ON DISP OF PROP		27,693		-	-	27,693	
5.29 DEFD TAX GAIN - FIBER OPTIC LINE		0		-	-	-	
5.30 DISALLOWED COSTS-RESERVE DEFICIENCY-APCO VA		(13,749,133)		(13,749,133)	-	-	
5.31 AMORT PERPETUAL TERM ELECT PLT		0		-	-	-	
5.32 CAPITALIZED LEASES - A/C 1011 ASSETS		0		-	-	-	
5.33 GAIN ON REACQUIRED DEBT		0		-	-	-	
5.34 REMOVAL COSTS		1,654,241		1,654,241	-	-	
5.35 REMOVAL COSTS - ARO-MTNR CARBON CAPTURE		(64,317)		(64,317)	-	-	
5.36 REMOVAL COSTS REV - SFAS 143 - ARO		(798,376)		(798,376)	-	-	
5.37 TAX WRITE OFF MINE DEVEL COSTS		(316,319)		(316,319)	-	-	
5.38 BK DEPLETION -- NUEAST		312,822		312,822	-	-	
5.39 2007 IRS AUDIT ADJUSTMENTS - A/C 282		-		0	0	0	
5.40 TAX CUTS AND JOBS ACT (TCJA)		126,527		126,527	0	0	
5.41 NON-UTILITY DEFERRED FIT		0	(0)				
SFAS 109 FLOW-THRU 282.3		75754461	-75754461				

APPALACHIAN POWER COMPANY
 SPECIFIED DEFERRED CREDITS
 PERIOD ENDED DECEMBER 31, 2016

Workpaper 8a

SFAS 109 EXCESS DFIT 282.4

6	TOTAL ACCOUNT 282	(799,504,117)	799,504,117	771,962,527	532,673,986	677,741,514
7	ACCOUNT 282 - ARO-Related Deferrals	20,469,118	0	20,234,682	(571)	235,007

Labor Related	60,588	(3,509)	115,531
Energy Related	(3,497)	0	0
ARO	20,234,682	(571)	235,007
Demand Related	751,670,754	532,678,065	677,390,977
Excluded	1,230,650,182		

8 ACCOUNT 283:

9.01	NOL - STATE C/F - DEF STATE TAX ASSET - L/T	31,976	31,976	-	-
9.02	SW - UNDER RECOVERY FUEL COST	24,452,437	24,452,437	-	-
9.03	SV - UNDER RECOVERY FUEL COST	7,499,737	7,499,737	-	-
9.04	WV - ENEC UNDER RECOVERY BANK	0	-	-	-
9.05	DEFD EQUITY CARRY CHGS - WV-ENEC	(81,826)	(81,826)	-	-
9.06	WV UNRECOV FUEL POOL CAPACITY IMPACT	0	-	-	-
9.07	WV CENTURY ENEC UNDER RECOVERY	0	-	-	-
9.08	WV UNREC FUEL DISPUTED COAL INV	0	-	-	-
9.09	CV-UNDER RECOVERY FUEL COST	23,733	23,733	-	-
9.10	PROPERTY TAX - NEW METHOD - BOOK	5,002,827	1,293,751	1,411,456	2,297,620
9.11	PROP TX-STATE 2 OLD METHOD-TX	0	0	-	-
9.12	DEFD TAX GAIN - APCO WV SEC REG ASSET	99,984,754	99,984,754	-	-
9.13	MTM BK GAIN - A/L - TAX DEFL	4,738,151	4,738,151	-	-
9.14	MARK & SPREAD - DEFL - 283 A/L	(679,996)	(679,996)	-	-
9.15	ACCRUED BK PENSION EXPENSE	49,638,663	21,455,471	1,826,836	26,356,356
9.16	ACCRUED BK PENSION COSTS - SFAS 158	(62,857,902)	(20,661,576)	(6,305,390)	(35,890,936)
9.17	REG ASSET - DEFERRED RTO COSTS	307,554	-	307,554	-
9.18	DEFD ENVIRON COMP COSTS & CARRYING CHARGES	33,568	33,568	-	-
9.19	DEFD SYS RELIABILITY COSTS & CARRYING CHARGES	45,312	-	18,842	26,470
9.20	DEFD EQUITY CARRY CHRGS-RELIABILITY CAPITAL	(15,742)	-	(11,175)	(4,567)
9.21	DEFD EXPS (A/C 186)	345,185	345,185	-	-
9.22	DEFD STORM DAMAGE	11,381,875	-	-	11,381,875
9.23	RATE CASE DEFERRED CHARGES	0	-	-	-
9.24	BK DEFL-DEMAND SIDE MNGMT EXP	1,849,755	-	-	1,849,755
9.25	DEFD BK LOSS-NON AFF SALE-EMA	154,926	154,926	-	-
9.26	BOOK > TAX - EMA - A/C 283	8,793,905	8,793,905	-	-
9.27	DEFD TX GAIN - INTERCO SALE - EMA	(375,758)	(375,758)	-	-
9.28	DEFD TAX GAIN - EPA AUCTION	(11,908)	(11,908)	-	-
9.29	DEFD BOOK GAIN - EPA AUCTION	0	-	-	-
9.30	BK DEFL - MACSS COSTS	53,640	-	-	53,640
9.31	TRANSITION REGULATORY ASSETS	(1)	-	-	(1)
9.32	REG ASSET-SFAS 143 - ARO	0	0	-	-
9.33	REG ASSET-SFAS 158 - PENSIONS	62,857,902	20,661,576	6,305,390	35,890,936
9.34	REG ASSET-SFAS 158 - SERP	112,147	(481)	-	112,628
9.35	REG ASSET-SFAS 158 - OPEB	(3,900,734)	(1,965,489)	70,610	(2,005,856)
9.36	REG ASSET-UNDERRECOVERY-VIRGINIA T-RAC	11,423,321	-	11,423,321	-
9.37	REG ASSET-MOUNTAINEER CARBON CAPTURE	(6,974,321)	(6,974,321)	-	-
9.38	REG ASSET-DEFERRED RPS COSTS	595,363	595,363	-	-
9.39	REG ASSET-CARRYING CHARGES-WV ENEC	0	-	-	-
9.40	TAX DEFL - NON-DEPRECIABLES	0	-	-	-
9.41	REG ASSET-DEFD SEVERANCE COSTS	(4,687,377)	(4,765,633)	12,289	65,966
9.42	REG ASSET-TRANS AGREEMENT PHASE-IN-WV	0	-	-	-
9.43	REG ASSET-DEFD VA WIND REPLACEMENT CSTS	0	-	-	-
9.44	REG ASSET-NET CCS FEED STUDY COSTS	284,273	284,273	-	-
9.45	REG ASSET-DEFD VA DEMAND RESPONSE PROGRAM	4,487,798	-	-	4,487,798
9.46	REG ASSET DRESDEN UNRECOG EQUITY CC WV	0	-	-	-
9.47	REG ASSET DRESDEN OPERATION COST VA	2,548,055	2,548,055	-	-
9.48	REG ASSET DRESDEN CARRYING COSTS VA	0	-	-	-
9.49	REG ASSET DRESDEN UNRECOG EQUITY CC VA	0	-	-	-
9.50	REG ASSET DRESDEN CARRYING COST WV	0	-	-	-
9.51	REG ASSET DRESDEN OPERATING COSTS WV	0	-	-	-
9.52	REG ASSET-DEFERRED VA RPS INCREM COSTS-CURRENT	0	-	-	-
9.53	REG ASSET-DEFERRED VA WIND NON-INCREM COSTS	0	-	-	-

APPALACHIAN POWER COMPANY
 SPECIFIED DEFERRED CREDITS
 PERIOD ENDED DECEMBER 31, 2016
 Workpaper 8a

9.54	REG ASSET-DEFD VA SOFTWARE LICENSING EXPENSE	0		-	-	-
9.55	REG ASSET-WV VMP (VEGETATION MGMT) COSTS	10,449,062		-	-	10,449,062
9.56	REG ASSET-CARRYING CHARGES-WV VMP	1,288,857		-	-	1,288,857
9.57	REG ASSET-WW CC-CONSTR SURCHARG UNRECOG EQ	0		-	-	-
9.58	REG ASSET-WW CONSTR SURCHRG OPER COSTS	0		-	-	-
9.59	REG ASSET-WW CC CONSTR SURCHRG	0		-	-	-
9.60	REG ASSET-UNREC EQUITY CC WV-AMOS 3	0		-	-	-
9.61	REG ASSET-CARRYING CHARGES WV-AMOS 3	0		-	-	-
9.62	REG ASSET-IGCC PRE-CONSTRUCTION COSTS	1,833,390		1,833,390	-	-
9.63	REG ASSET-FELMAN PREM/DISC-ENEC-WV	0		-	-	-
9.64	REG ASSET-WV AIR QUALITY PERMIT FEES	215,985		215,985	-	-
9.65	REG ASSET-CAR CHGS-CAPITAL-WV VMP	1,221,763		-	-	1,221,763
9.66	REG ASSET-NBV-ARO-RETIRED PLANTS	13,893,212		13,893,212	-	-
9.67	REG ASSET-EXTRA LOSS-CLINCH RIVER PLANT	17,442,280		17,442,280	-	-
9.68	REG ASSET-EXTRA LOSS-GLEN LYN U5 NET PLANT	(0)		(0)	-	-
9.69	REG ASSET-EXTRA LOSS-SPORN PLANT	2,998,449		2,998,449	-	-
9.70	REG ASSET-EXTRA LOSS-KANAWHA RIVER PLANT	8,280,257		8,280,257	-	-
9.71	REG ASSET-EXTRA LOSS-GLEN LYN U6 NET PLANT	1,488,557		1,488,557	-	-
9.72	REG ASSET-M&S RETIRING PLANTS	2,635,821		2,635,821	-	-
9.73	REG ASSET-COAL CO UNCOLL ACCTS	668,208		-	-	668,208
9.74	REG ASSET-DEFD DEPREC-WV VEG MGT PROG	421,816		-	-	421,816
9.75	REG ASSET-CAR CHGS-WV VMP-UNREC EQ	(613,121)		-	-	(613,121)
9.76	REG ASSET-WV BASE REVENUES	2,676,180		-	-	2,676,180
9.77	REG ASSET-WV BASE REVENUES-CAR CHGS	107,601		-	-	107,601
9.78	REG ASSET-CAR CHGS-WV VMP RESERVE	(1,058,015)		-	-	(1,058,015)
9.79	REG ASSET-VA EE-RAC EFFICIENT PRODUCTS	28,715		-	-	28,715
9.80	REG ASSET-VA EE-RAC HOME ENERGY PROG	0		-	-	-
9.81	REG ASSET-VA EE-RAC APPLIANCE RECYCLING	0		-	-	-
9.82	REG ASSET-VA EE-RAC C&I PRESCRIPTIVE	282,743		-	-	282,743
9.83	REG ASSET-VA EE-RAC MOBILE HOME ES	0		-	-	-
9.84	REG ASSET-VA EE-RAC EQUITY MARGIN	0		-	-	-
9.85	REG ASSET-WV EE/DR-COMPANY FUNDED	513,889		-	-	513,889
9.86	REG ASSET-WV PROV SURCREDIT-SPEC CTRCT	0		-	-	-
9.87	REG ASSET-WV PROV SURCREDIT-CONTRA	0		-	-	-
9.88	REG ASSET-BASE REV EQUITY CAR CHG-WV	(52,758)		-	-	(52,758)
9.89	BOOK LEASES CAPITALIZED FOR TAX	9,065,750		7,646,606	305,927	1,113,217
9.90	CAPITALIZED SOFTWARE COST - BOOK	22,771,997		7,973,018	4,840,473	9,958,506
9.91	LOSS ON REACQUIRED DEBT	32,630,290		16,040,862	6,649,002	9,940,425
9.92	DEFD SFAS 106 BOOK COSTS	0		-	-	-
9.93	SFAS 106-MEDICARE SUBSIDY-(PPACA)-REG ASSET	1,442,605		596,681	93,163	752,761
9.94	REG ASSET - ACCRUED SFAS 112	6,595,763		2,223,850	292,747	4,079,167
9.95	STATE NOL CURRENT BENEFIT	1,779,559		1,779,559	0	0
9.96	NON-UTILITY DEFERRED FIT	71,623	(71,623)	-	-	-
9.97	SFAS 109 FLOW-THRU 283.3	71,665,779	(71,665,779)	-	-	-
9.98	SFAS 109 EXCESS DFIT 283.4	(12,804,071)	12,804,071	-	-	-
9.99	ADIT FED - HEDGE-INTEREST RATE 2830015	1,512,279	(1,512,279)	-	-	-
10.0	ADIT FED - HEDGE-FOREIGN EXC 2830016	18,835	(18,835)	-	-	-
10.0	SFAS 133 ADIT FED - SFAS 133 NONAFFIL 2830006	0	0	-	-	-
10		416,534,590	(60,464,445)	242,428,402	27,241,045	86,400,698
11	DEFD STATE INCOME TAXES	70,104,066		44,360,427	9,640,998	16,102,641
11.01	SFAS 109 - DEFD STATE INCOME TAXES	265,908,719	(265,908,719)	-	-	-
12	TOTAL ACCOUNT 283	752,547,375	(326,373,164)	286,788,829	36,882,043	102,503,339
13	ACCOUNT 283 - ARO-Related Deferrals	13,893,212	0	13,893,212	0	0
	Labor Related			30,283,050	7,123,828	39,253,560
	Energy Related			41,062,517	0	668,208
	ARO			13,893,212	0	0
	Demand Related			201,550,049	29,758,214	62,581,570
	Excluded			153,278,594		

Checks to FERC Form 1, pg. 277, ln. 9

APPALACHIAN POWER COMPANY
 SPECIFIED DEFERRED CREDITS
 PERIOD ENDED DECEMBER 31, 2016
 Workpaper 8a

14	JURISDICTIONAL AMOUNTS FUNCTIONALIZED				
15	TOTAL COMPANY AMOUNTS FUNCTIONALIZED				
16	REFUNCTIONALIZED BASED ON JURISDICTIONAL PLANT				
17	NOTE: POST 1970 ACCUMULATED DEFERRED				
18	INV TAX CRED. (JDITC) IN A/C 255				
18.01	SEC ALLOC - ITC - 46F1 - 10%	40,746		8,765	26,959
18.02	HYDRO CREDIT - ITC - 46F1	809,833		809,833	-
19					
20	TOTAL ACCOUNT 255	<u>850,579</u>	<u>0</u>	<u>818,598</u>	<u>26,959</u>
					<u>5,022</u>

Appalachian Power Company
Capacity Cost of Service Formula Rate
Workpaper 8b - Effective Income Tax Rate
For the Year Ended December 31, 2017

Effective Income Tax Rate

$T=1 - \{(1 - \text{SIT}) * (1 - \text{FIT})\} / (1 - \text{SIT} * \text{FIT} * P) =$	37.43%
EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =	39.62%
where WCLTD and WACC from Appendix 2, pg. 11, Col.(4) and FIT, SIT & P are as shown below.	
GRCF=1 / (1 - T)	1.5983
Amortized Investment Tax Credit (enter negative)	FF1 P.114, Ln.19, Col.c 0
FIT	35.0000%
SIT	3.7429% State Income Tax Rate (Composite).
P	0.0000% Percent of FIT deductible for state purposes (Note 3).
WCLTD	2.49%
WACC	7.36%

Development of Composite State Income Tax Rates for 2016 (Note 1)

Tennessee Income Tax	6.5000%	
Apportionment Factor - Note 2	2.1490%	
Effective State Income Tax Rate		0.14%
Michigan Business Income Tax	6.0000%	
Apportionment Factor - Note 2	0.0181%	
Effective State Income Tax Rate		0.00%
Virginia Net Income Tax	6.0000%	
Apportionment Factor - Note 2	0.0000%	
Effective State Income Tax Rate		0.00%
West Virginia Net Income	6.5000%	
Apportionment Factor - Note 2	54.2027%	
Effective State Income Tax Rate		3.52%
Illinois Corporation Income Tax	9.5000%	
Apportionment Factor - Note 2	0.8637%	
Effective State Income Tax Rate		0.08%
Total Effective State Income Tax Rate		3.74%

Note 1: Apportionment Factors are determined as part of the Company's annual tax return for that jurisdiction.

Note 2: From Company Books and Records.

Note 3: Percent deductible for state purposes provided from Company's books and records.

Appalachian Power Company
Capacity Cost of Service Formula Rate
Workpaper 8c - Taxes Other Than Income Taxes
For the Year Ended December 31, 2017

Payroll Related Other Taxes	8,089,672	Payroll
Property Related Other Taxes	69,700,826	Property
Direct Production Related	21,353,197	Production
Direct Distribution Related	-	Distribution
Other	15,149,378	Other
Not Allocated ((Gross Receipts, Commission Assessments)	11,512,016	NA
	125,805,089	

Line No.	(A) Annual Tax Expenses by Type	(B) FERC FORM 1 Tie-Back	(C) FERC FORM 1 Reference	(D) Basis
1	Revenue Taxes			
2	Gross Receipts Tax	13,331,105	P.263.1 ln 3 (i)	N/A
		(59,694)	P.263.1 ln 27 (i)	N/A
		75,245	P.263.1 ln 28 (i)	N/A
		(1,834,640)	P.263.1 ln 29 (i)	N/A
3	Real Estate and Personal Property Taxes			
4	Real and Personal Property - West Virginia	22,317,848	P.263 ln 33 (i)	Property
		24,218,358	P.263 ln 34 (i)	Property
		60,905	P.263 ln 37 (i)	Property
		83,416	P.263 ln 38 (i)	Property
5	Real and Personal Property - Virginia	65	P.263.2 ln 20 (i)	Property
		19,897,720	P.263.2 ln 21 (i)	Property
		2,473	P.263.2 ln 23 (i)	Property
		3,925	P.263.2 ln 24 (i)	Property
		407,713	P.263.2 ln 25 (i)	Property
6	Real and Personal Property - Tennessee	1,320,635	P.263.3 ln 8 (i)	Property
		-	P.263.3 ln 9 (i)	Property
7	Real and Personal Property - Other Jurisdictions	(16,039)	P.263.1 ln 31 (i)	Property
		1,403,627	P.263.1 ln 32 (i)	Property
		180	P.263.1 ln 32 (i)	Property
8	Payroll Taxes			
9	Federal Insurance Contribution (FICA)	7,877,931	P.263 ln 6 (i)	Payroll

Appalachian Power Company
Capacity Cost of Service Formula Rate
Workpaper 8c - Taxes Other Than Income Taxes
For the Year Ended December 31, 2017

Line No.	(A) Annual Tax Expenses by Type	(B) FERC FORM 1 Tie-Back	(C) FERC FORM 1 Reference	(D) Basis
10	Federal Unemployment Tax	45,525	P.263 ln 9 (i)	Payroll
11	State Unemployment Insurance	-		
		141,228	P.263.1 ln 15 (i)	Payroll
		2,789	P.263.1 ln 39 (i)	Payroll
		21,884	P.263.2 ln 31 (i)	Payroll
12	Production Taxes	315	P.263.4 ln 24 (i)	Payroll
13	State Severance Taxes	-		
14	Miscellaneous Taxes			
15	State Business & Occupation Tax	52,712	P.263 ln 20 (i)	Production
		21,283,739	P.263 ln 21 (i)	Production
16	State Public Service Commission Fees	2,032,408	P.263 ln 25 (i)	Other
		3,598,528	P.263 ln 26 (i)	Other
17	State Franchise Taxes	(185,244)	P.263.1 ln 18 (i)	Other
		(95,962)	P.263.1 ln 19 (i)	Other
		(479,469)	P.263.2 ln 8 (i)	Other
		10,224,003	P.263.2 ln 9 (i)	Other
		(8,239)	P.263.3 ln 3 (i)	Other
		60,000	P.263.3 ln 4 (i)	Other
		225	P.263.3 ln 29 (i)	Other
		225	P.263.3 ln 30 (i)	Other
18	State Lic/Registration Fee	512	P.263.1 ln 5 (i)	Other
		50	P.263.1 ln 8 (i)	Other
		1,802	P.263.2 ln 33 (i)	Other
		25	P.263.2 ln 36 (i)	Other
		41	P.263.3 ln 11 (i)	Other
		20	P.263.3 ln 26 (i)	Other
		25	P.263.4 ln 3 (i)	Other
		15	P.263.4 ln 22 (i)	Other
		15	P.263.4 ln 27(i)	Other
		155	P.263.4 ln 29 (i)	Other
		52	P.263.4 ln 31(i)	Other
19	Misc. State and Local Tax	100	P.263.3 ln 21 (i)	Other
		(1)	P.263.3 ln 22 (i)	Other
		-		
20	Sales & Use	179	P.263 ln 29 (i)	Other
		287	P.263 ln 30 (i)	Other
		(374)	P.263.1 ln 25 (i)	Other
21	Federal Excise Tax	16,746	P.263 ln 14 (i)	Production
22	Michigan Single Business Tax			

23

Total Taxes by Allocable Basis	<u>125,805,089</u>
(Total Company Amount Ties to FFI p.114, Ln 14,(c))	

-

Appalachian Power Company
Capacity Cost of Service Formula Rate
Workpaper 9a - Wages and Salaries
For the Year Ended December 31, 2017

	APCo ¹	AEPSC ²	Total
Production:			
Operation	29,005,802	19,682,396	48,688,198
Maintenance	28,489,798	5,955,349	34,445,147
Total	57,495,600	25,637,745	83,133,345
Transmission:			
Operation	67,149	9,521,651	9,588,800
Maintenance	324,659	3,316,364	3,641,023
Total	391,808	12,838,015	13,229,823
Distribution:			
Operation	8,736,331	3,547,743	12,284,074
Maintenance	22,579,836	1,026,576	23,606,412
Total	31,316,167	4,574,319	35,890,486
Customer Accounts	8,277,360	8,820,478	17,097,838
Customer Service and Informational	2,337,796	262,754	2,600,550
Sales	0	0	0
Total Wages and Salaries Excluding A & G	99,818,731	52,133,311	151,952,042
Administrative and General			
Operation	5,062,068	26,756,102	31,818,170
Maintenance	2,697,216	300,982	2,998,198
Total	7,759,284	27,057,084	34,816,368
Total O & M Payroll	107,578,015	79,190,395	186,768,410

¹ Wages and Salaries from FERC Form Pg. 354.

² From Company Books and Records.

Appalachian Power Company
Capacity Cost of Service Formula Rate
Workpaper 9b - Production Payroll Demand/Energy Allocation
For the Year Ended December 31, 2017

<u>Account</u>	<u>Demand</u> ¹	<u>Energy</u> ¹	<u>Total</u>	<u>Source</u> ¹
500	Operation Supervision and Engineering	14,201,942	14,201,942	CBR
501	Fuel		2,790,603	
502	Steam Expense	11,495,984	11,495,984	
505	Electric Expense	28,257	28,257	
506	Misc. Steam Power Expense	10,367,730	10,367,730	
510	Maintenance Supv & Engineering		3,763,375	
511	Maintenance of Structures	1,049,641	1,049,641	
512	Maintenance of Boiler Plant		11,520,868	
513	Maintenance of Electric Plant		5,880,460	
514	Maintenance of Misc Plant	8,769,646	8,769,646	
517	Operation Supv & Engineering	0	0	
519	Coolants and Water	0	0	
520	Steam Expenses	0	0	
523	Electric Expenses	0	0	
524	Misc Nuclear Power Expense	0	0	
528	Maintenance Supv & Engineering		-	0
529	Maintenance of Structures	0	0	
530	Maintenance of Reactor Plant		-	0
531	Maintenance of Electric Plant		-	0
532	Maintenance of Misc Nuclear Plant		-	0
535	Operation Supv & Engineering	1,084,204	1,084,204	
536	Water for Power	0	0	
537	Hydraulic Expenses	243,999	243,999	
538	Electric Expenses	8,013	8,013	
539	Miscellaneous Hydraulic Power	2,097,685	2,097,685	
540	Rents	4,940	4,940	
541	Maintenance Supv & Engineering	342,023	342,023	
542	Maintenance of Structures	904,431	904,431	
543	Maint of Reservoirs, Dams and Waterways	716,752	716,752	
544	Maintenance of Electric Plant		1,199,883	
545	Maintenance of Misc Hydraulic Plant	87,230	87,230	
546	Operation Supv & Engineering	201,311	201,311	
547	Fuel		56,319	
548	Generation Expenses	326,529	326,529	
549	Misc Power Generation Exp	3,726	3,726	
553	Maintenance of Generating & Electric Plant	210,838	210,838	
554	Maintenance of Misc Other Power Gen Plant	0	0	
555	Purchased Power	0	0	
556	System Control	1,584,222	1,584,222	
557	Other Expense	4,192,734	4,192,734	
Total Allocated Labor Expense		57,921,837	25,211,508	83,133,345
Allocation Factors		0.6967341083	0.3032658917	1.0000000000

¹ CBR indicates that data comparable to that reported in the FERC Form 1 is from the Company's Books and Records.

Appalachian Power Company
Capacity Cost of Service Formula Rate
Workpaper 10a - O & M Expense Summary by Account
For the Year Ended December 31, 2017

Production

Account	Amount	Source
500 Operation Supv & Engineering	21,098,407	320.4.(b)
501 Fuel	557,722,442	320.5.(b)
502 Steam Expenses	46,701,948	320.6.(b)
505 Electric Expenses	286,611	320.9.(b)
506 Misc. Steam Power Expense	27,429,136	320.10.(b)
507 Rents	9,002	320.11.(b)
509 Allowances	276,749	320.12.(b)
517 Operation Supv & Engineering	0	320.24.(b)
518 Fuel	0	320.25.(b)
519 Coolants and Water	0	320.26.(b)
520 Steam Expenses	0	320.27.(b)
523 Electric Expenses	0	320.30.(b)
524 Misc. Nuclear Power Expense	0	320.31.(b)
535 Operation Supv & Engineering	1,505,278	320.44.(b)
536 Water for Power	29,928	320.45.(b)
537 Hydraulic Expenses	736,225	320.46.(b)
538 Electric Expenses	20,189	320.47.(b)
539 Miscellaneous Hydraulic Power	3,470,270	320.48.(b)
540 Rents	409,669	320.49.(b)
546 Operation Supv & Engineering	255,859	321.62.(b)
547 Fuel	5,917,595	321.63.(b)
548 Generation Expenses	374,086	321.64.(b)
549 Misc. Power Generation Expense	22,100	321.65.(b)
Total Operation	666,265,494	
510 Maintenance Supv & Engineering	4,819,519	320.15.(b)
511 Maintenance of Structures	6,788,960	320.16.(b)
512 Maintenance of Boiler Plant	54,273,067	320.17.(b)
513 Maintenance of Electric Plant	14,875,854	320.18.(b)
514 Maintenance of Misc Plant	15,960,064	320.19.(b)
528 Maintenance Supv & Engineering	0	320.35.(b)
529 Maintenance of Structures	0	320.36.(b)
530 Maintenance of Reactor Plant	0	320.37.(b)
531 Maintenance of Electric Plant	0	320.38.(b)
532 Maintenance of Misc. Nuclear Plant	0	320.39.(b)
541 Maintenance Supv & Engineering	419,452	320.53.(b)
542 Maintenance of Structures	3,950,652	320.54.(b)
543 Maintenance of Reservious, Dams and Waterways	2,516,150	320.55.(b)
544 Maintenance of Electric Plant	3,457,280	320.56.(b)
545 Maintenance of Miscellaneous Hydraulic Plant	339,312	320.57.(b)
551 Maintenance Supv & Engineering	0	321.69.(b)
553 Maintenance of Generating & Electric Plant	1,713,434	321.71.(b)
554 Maintenance of Misc. Other Power Gen. Plant	0	321.72.(b)
Total Maintenance	109,113,744	
555 Purchased Power	390,297,370	321.76.(b)
556 System Control	2,149,639	321.77.(b)
557 Other Expense	6,832,240	321.78.(b)
Total Other	399,279,249	321.79.(b)
Total Production	1,174,658,487	321.80.(b)

Appalachian Power Company
Capacity Cost of Service Formula Rate
Workpaper 10a - O & M Expense Summary by Account
For the Year Ended December 31, 2017

Transmission

560	Operation Supv & Engineering	10,280,503	321.83.(b)
561.1	Load Dispatch-Reliability	10,572	321.85.(b)
561.2	Load Dispatch-Monitor and Operate	2,288,136	321.86.(b)
561.3	Load Dispatch-Transmission Service	0	321.87.(b)
561.4	Scheduling, System Control	5,974,378	321.88.(b)
561.5	Reliability, Planning and Standards Dev.	434,743	321.89.(b)
561.6	Transmission Service Studies	22	321.90.(b)
561.7	Generation Interconnection Studies	0	321.91.(b)
561.8	Reliability, Planning and Standards Dev.	1,887,434	321.92.(b)
562	Station Expense	1,359,426	321.93.(b)
563	Overhead Line Expense	258,700	321.94.(b)
564	Underground Line Expense	0	321.95.(b)
565	Trans of Electricity by Others	182,658,116	321.96.(b)
566	Misc Transmission Expense	11,535,295	321.97.(b)
567	Rents	22,725	321.98.(b)
	Total Operation	216,710,050	321.99.(b)
568	Maintenance Supv & Engineering	135,403	321.101.(b)
569	Maintenance of Structures	62,199	321.102.(b)
569.1	Maintenance of Computer Hardware	32,678	321.103.(b)
569.2	Maintenance of Computer Software	652,969	321.104.(b)
569.3	Maintenance of Communication Equip	29,567	321.105.(b)
570	Maintenance of Station Equip	3,044,898	321.107.(b)
571	Maintenance of OH Lines	10,387,984	321.108.(b)
572	Maintenance of UG Lines	1,806	321.109.(b)
573	Maintenance of Misc Trans	1,032,793	321.110.(b)
	Total Maintenance	15,380,297	321.111.(b)
	Total Transmission	232,090,347	321.112.(b)

Regional Market Expense

575.7	Market Facilitation, Monitoring and Compliance	6,197,344	322.121.(b)
-------	--	-----------	-------------

Distribution

580	Operation Supv & Engineering	6,060,428	322.134.(b)
581	Load Dispatching	26,914	322.135.(b)
582	Station Expense	1,268,069	322.136.(b)
583	Overhead Line Expense	1,509,200	322.137.(b)
584	Underground Line Expense	1,651,748	322.138.(b)
585	Street Lighting	67,904	322.139.(b)
586	Meter Expenses	2,199,406	322.140.(b)
587	Customer Installations	949,070	322.141.(b)
588	Misc Distribution Expense	16,405,787	322.142.(b)
589	Rents	1,531,988	322.143.(b)
	Total Operation	31,670,514	322.144.(b)

Appalachian Power Company
Capacity Cost of Service Formula Rate
Workpaper 10a - O & M Expense Summary by Account
For the Year Ended December 31, 2017

590	Maintenance Supv & Engineering	185,262	322.146.(b)
591	Maintenance of Structures	65,875	322.147.(b)
592	Maintenance of Station Equip	1,457,451	322.148.(b)
593	Maintenance of OH Lines	106,576,690	322.149.(b)
594	Maintenance of UG Lines	1,324,628	322.150.(b)
595	Maintenance of Line Trsfrs	2,239,683	322.151.(b)
596	Maintenance of Street Lights	309,357	322.152.(b)
597	Maintenance of Meters	374,405	322.153.(b)
598	Maintenance of Misc Dist Plant	4,093,758	322.154.(b)
	Total Maintenance	116,627,109	322.155.(b)
	Total Distribution	148,297,623	322.156.(b)
Customer Accounts			
901	Supervision	898,784	322.159.(b)
902	Meter Reading Expenses	4,420,505	322.160.(b)
903	Customer Records/Collection	25,973,036	322.161.(b)
904	Uncollectible Accounts	8,416,667	322.162.(b)
905	Misc Customer Accts Exp	97,593	322.163.(b)
	Total Customer Accounts	39,806,585	322.164.(b)
Customer Service and Informational			
907	Supervision	591,070	323.167.(b)
908	Customer Assistance	17,111,413	323.168.(b)
909	Info & Instructional Adv	0	323.169.(b)
910	Misc Cust Service & Info Expense	217,366	323.170.(b)
	Total Customer Service	17,919,849	323.171.(b)
Sales Expense			
911	Supervision	2,084	323.174.(b)
912	Selling Expenses	272,671	323.175.(b)
913	Advertising Expenses	0	323.176.(b)
916	Misc Sales Expense	0	323.177.(b)
	Total Sales Expense	274,755	323.178.(b)

Appalachian Power Company
Capacity Cost of Service Formula Rate
Workpaper 10a - O & M Expense Summary by Account
For the Year Ended December 31, 2017

Administrative and General

920	A & G Salaries	38,217,872	323.181.(b)
921	Office Supplies & Exp	4,998,973	323.182.(b)
922	Adm Exp Trsfr - Credit	(3,591,368)	323.183.(b)
923	Outside Services	8,375,381	323.184.(b)
924	Property Insurance	3,324,657	323.185.(b)
925	Injuries and Damages	8,520,415	323.186.(b)
926	Employee Benefits	17,225,440	323.187.(b)
926a	Less: Actual Employee Benefits (Note A)	(6,642,279)	
926b	Allowed Employee Benefits (Note B)	6,222,780	
926	Employee Benefits	<u>16,805,941</u>	
927	Franchise Requirements	0	323.188.(b)
928	Regulatory Commission Exp	4,268,045	323.189.(b)
929	Duplicate Charges - Credit	(157,997)	323.190.(b)
930.1	General Advertising Expense	744,877	323.191.(b)
930.2	Misc General Expense	6,964,716	323.192.(b)
930.2	Company Dues and Memberships	594,817	323.192.(b)
931	Rents	<u>1,368,447</u>	323.193.(b)
	Total Operation	90,434,776	320.194.(b)
935	Maintenance of Gen Plant	<u>10,521,229</u>	323.196.(b)
	Total Maintenance	10,521,229	
	Total Administrative & General	<u>100,956,005</u>	323.197.(b)
	Total O & M Expenses	<u><u>1,720,200,995</u></u>	323.198.(b)
	Total Elec O & M Exp. - FERC Form1 pg. 323, L. 198(b)	1,720,620,494	
	Difference	419,499	

Actual Expense - Removed from Cost of Service	
Note A: Acct 926 (0039) PBOP Gross Cost	(6,642,279)
Acct 926 (0057) PBOP Medicare Part Subsidy	0
PBOP Amounts in Annual Informational Filing	(6,642,279)
Allowable Expense	
Note A: Acct 926 (0039) PBOP Gross Cost	10,806,289
Acct 926 (0057) PBOP Medicare Part Subsidy	(4,583,509)
PBOP Amounts Recovery Allowance	6,222,780

Note A: Changing PBOP included in the formula rate will require, as applicable, a FPA Section 205 or Section 206 filing.

Appalachian Power Company
Capacity Cost of Service Formula Rate
Workpaper 11 - Regulatory Commission Expense
For the Year Ended December 31, 2017

	<u>FF1, pg., Ln. Col.</u>	<u>Amount</u>
<i>Retail</i>		
Misc. Exp.	351, Ln. 33, Col(h)	152,302
Virginia RPS-RAC	351, Ln. 35, Col(h)	72,930
Virginia IRP	351, Ln. 37, Col(h)	358,768
West Virginia ENEC	351, Ln. 39, Col(h)	46,504
West Virginia Base Case	351, Ln. 45, Col(h)	70,520
W V IRP Filing	351.1, Ln. 2, Col(h)	30,818
Virginia Fuel Filing	351.1, Ln. 2, Col(h)	17,493
Virginia Demand Response	351.1, Ln. 4, Col(h)	123,571
Virginia T-RAC	351.1, Ln. 6, Col(h)	42,560
VA Exp Solar	351.1, Ln. 8, Col(h)	19,143
Wind Solar RFP	351.1, Ln. 10, Col(h)	19,211
VA Gen Rate Adj Clause	351.1, Ln. 16, Col(h)	200,155
Va Rate Freeze Law Challenge	351.1, Ln. 18, Col(h)	93,202
Va Renewable Tariff Filing	351.1, Ln. 20, Col(h)	20,665
Return on Equity Filing	351.1, Ln. 22, Col(h)	59,345
Show Cause	351.1, Ln. 24, Col(h)	26,465
VA Wind Gen RAC Filing	351.1, Ln. 26, Col(h)	596,190
WV Veg Mgt Surcharge	351.1, Ln. 28, Col(h)	80,766
WV EE/DR	351.1, Ln. 30, Col(h)	200,795
VA EE RAC	351.1, Ln. 32, Col(h)	72,727
Hardin Beech Ridge Purchase Filing	351.1, Ln. 34, Col(h)	78,217
<i>Total Retail</i>		<u>2,382,347</u>
 <i>Wholesale - FERC¹</i>		
Smith Mountain - Adm. Federal Power Act	351, Ln. 3, Col(h)	1,191,343
Leesville Hydro Project - Adm. Federal Power Act	351, Ln. 7, Col(h)	101,081
Claytor Hydro Project - Adm. Federal Power Act	351, Ln. 11, Col(h)	221,823
Byllesby Buck Hydro Project - Adm. Federal Power Act	351, Ln. 15, Col(h)	84,881
Marmet and London Hydro - Adm. Federal Power Act	351, Ln. 19, Col(h)	101,257
Winfield Hydro - Adm. Federal Power Act	351, Ln. 23, Col(h)	43,003
Reusens Hydro Project - Adm. Federal Power Act	351, Ln. 27, Col(h)	23,771
Niagara Hydro Project - Adm. Federal Power Act	351, Ln. 31, Col(h)	4,255
<i>Total Wholesale</i>		<u>1,771,414</u>
 <i>PJM FERC</i>	351, Ln. 41, Col(h)	18,495
FERC 205 Filing	351.1, Ln. 12, Col(h)	73,841
FERC 206 Filing	351.1, Ln. 14, Col(h)	21,948
		<u>114,284</u>
 Total FF1, pg. 351, Ln. 46, Col(h)		 4,268,045

¹ Assessment for cost of administration of Federal Water Power Act.

Appalachian Power Company
Capacity Cost of Service Formula Rate
Workpaper 12a - Common Stock
For the Year Ending December 31, 2017

Line No.	Month	Total Capital	Source(s)	Preferred Stock				Unapprop Sub Earnings	Source	Acc Oth Comp Income	Source	Common Equity Balance
				Issued	Premium (Discount)	G(L) on Reacq'd	Source(s)*					
		a		b	c	d		e		f		g=a-b-c-d-e-f
1	Dec-17	3,804,481,345	112.16.c	0	0	0	112.3.c,6.c.,7.c.	(3,524,449)	112.12.c.	1,354,511	112.15.c.	3,806,651,283

NOTE: * Includes preferred portions of capital stock (common and preferred) accounts according to Company Books and Records below.

Account	Description		Dec-17
2 2010001	Common Stock Issued		260,457,768
	Source ¹		112.2.c
3 2040002	PS Not Subj to Mandatory Redem		-
	Source ¹		112.3.c
4 2070000	Prem on Capital Stk		-
	Source ¹		112.6.c
5 2080000	Donations Recvd from Stckhldrs	CBR ²	1,825,984,503
6 2100000	Gain Rslc/Cancl Req Cap Stock	CBR ²	433
7 2110000	Miscellaneous Paid-In Capital	CBR ²	2,642,015
8			1,828,626,951
	Source ¹		112.7.c
9 2151000	Appropriations of Retained Earnings	CBR ²	16,829,603
10 2160001	Unapprp Retnd Erngs-Unrestricted	CBR ²	1,484,226,472
11 4330000	Transferred from Income	CBR ²	336,510,489
12 4370000	Div Decl-PS Not Sub to Man Red	CBR ²	-
13 4380001	Dividends Declared	CBR ²	(120,000,000)
14 4390000	Adj to Retained Earnings	CBR ²	-
15	Retained Earnings		1,717,566,564
	Source ¹		112.11.c
16 2161001	Unap Undist Consol Sub Erng	CBR ²	(3,524,449)
17 2161002	Unap Undist Nonconsol Sub Erng	CBR ²	-
18 4181001 & 002	Equity in Earnings	CBR ²	-
19	Unapprop Sub Earnings	CBR ²	(3,524,449)
	Source ¹		112.12.c
20 2190002	OCI-Min Pen Liab FAS 158-Affil	CBR ²	(8,657,341)
21 2190004	OCI-Min Pen Liab FAS 158-SERP	CBR ²	-
22 2190006	OCI-Min Pen Liab FAS 158-Qual	CBR ²	-
23 2190007	OCI-Min Pen Liab FAS 158-OPEB	CBR ²	7,858,037
24 2190010	OCI-for Commodity Hedges	CBR ²	-
25 2190015	Accum OCI-Hdg-CF-Int Rate	CBR ²	2,206,568
26 2190016	Accum OCI-Hdg-CF-For Exchg	CBR ²	(52,753)
27	Acc Oth Comp Inc		1,354,511
	Source ¹		112.15.c
28	Total Capital	CBR ²	3,804,481,345
29	Common Equity Balance	CBR ²	3,806,651,283

Notes:

¹ References to data from FERC Form 1 are indicated as page#, line#, col.# for the ending total balances.

² CBR indicates that data comparable to that reported in the FERC Form 1 is from the Company's Books and Records.

Appalachian Power Company
Capacity Cost of Service Formula Rate
Workpaper 12b - Preferred Stock
For the Year Ending December 31, 2017

Month	Preferred Stock		Premium on Preferred		Discount) on Preferred		Other Paid in Capital - Pfd		Total Outstanding a+b-c+d	Preferred Dividends
	a		b		c		d			
	Acct 204	Source 1	Acct 207	Source 1	Acc 213	Source 1	Acc 208-211	Source 1		
Dec-17	0	112.3.c	0	112.6.c	0	112.9.c	0	112.7.c	0	0
Total	0		0		0		0		0	0

Cost of Preferred Stock = Pfd Dividends/Average Pfd Outstanding Balance = 0.00%

NOTES:

- (1) All data is from the monthly Balance Sheet of the Company's Books and Records (CBR).
- (2) Accounts 207-213 are capital stock accounts containing both common and preferred capital. Preferred portions of these accounts are from the CBR.

Appalachian Power Company
Capacity Cost of Service Formula Rate
Workpaper 13 - Outstanding Long-Term Debt
For the Year Ending December 31, 2017

Line	Period	Advances from Associated Co	FF1 Reference	Bonds	FF1 Reference	(Reacquired Bonds)	FF1 Reference	Installment Purchase	FF1 Reference	Senior Unsecured Notes	FF1 Reference	Debntr Trust Pref Secry Insts	FF1 Reference	Total Debt Outstanding	Reference
		2230000 a		2210000 b		2220001 c		2240002 d		2240006 e		2240046 f		g=a+b+c+d+e+f	
1	Dec-17	0	112.20.c.	298,676,142	112.18.c.	104,375,000	112.19.c.	0	257, col. (h)	3,820,691,863	257, col. (h)	0	257, col. (h)	4,223,743,005	FF1, 112.20.c & 112.21.c
2	Dec-17	0		298,676,142		104,375,000		0		3,820,691,863		0		4,223,743,005	

Appalachian Power Company
Interest & Amortization on Long-Term Debt
For the Year Ending December 31, 2017

Line	Description	Acct	Amount
1	Interest IPC	4270002	12,307,253
2	Interest Debentures	4270004	9,058,081
3	Interest Other LTD	4270005	3,209,712
4	Interest Unsecured	4270006	160,094,024
5	Interest PurC	4270202	(771,436)
6		(FF1, P.117,L.62)	183,897,634
7	Amort Debt Disc/ Exp	Acct 428 (FF1, P.117, L.63)	3,251,998
8	Amort Loss Reacq	Acct 428.1 (FF1, P.117, L.64)	3,996,264
9	Interest* Assoc LT	4300001 (FF1, P.117, L.67)	-
10	Amort Debt Premium	Acct 429 (FF1, P.117, L.65)	-
11	Amort Gain Reacq	Acct 429.1 (FF1, P.117, L.66)	-
12	Cost of Long Term Debt		191,145,896
13	Reconciliation to FF1, 257, 33, i		
14	Interest on LT Debt	Line 4	183,897,634
15	Interest on Assoc LT Debt	Line 7	-
16	Total (FF1, 257, 33, i)		183,897,634

17 Amortization of Hedge Gain / Loss included in Acct 4270006 (subject to limit on B-13) (1,128,890)

*Per Company Books and Records interest associated with LTD.

Reconciliation Account 430	
4300001 Interest Expense Long Term Debt	-
4300003 Interest Expense Short Term Debt	1,742,577
FF1, pg. 117, Ln. 67	1,742,577

Appalachian Power Company
Capacity Cost of Service Formula Rate
Workpaper 13a - Recoverable Hedge Gains/Losses
For the Year Ended December 31, 2017

HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (i) of the FERC Form 1)	Total Hedge Gain or Loss for 2013	Less Excludable Amounts (See NOTE on Line For the Year Ended December 31, 2017)	Net Includable Hedge Amount	Remaining Unamortized Balance	Amortization Period	
					Beginning	Ending
Senior Unsecured Notes - Series H	37,068		37,068	568,476	May-03	May-33
Senior Unsecured Notes - Series N	(194,198)		(194,198)	(3,544,122)	Apr-06	Apr-36
Senior Unsecured Notes - Series Q	159,672	-	159,672	3,226,683	Mar-08	Apr-38
Senior Unsecured Notes - Series T	(1,131,432)		(1,131,432)	(3,645,728)	Mar-11	Mar-21
Total Hedge Amortization	(1,128,890)	-	(1,128,890)			

Appalachian Power Company
Capacity Cost of Service Formula Rate
Workpaper 14 - Non-Fuel Power Production O&M Expenses
For the Year Ending December 31, 2017

<u>Account</u>		<u>December</u>	<u>Less Carbon Capture Expense²</u>	<u>Total</u>	<u>Source¹</u>
500	Demand	21,098,407		21,098,407	320.4.(b)
502	Demand	46,701,948		46,701,948	320.6.(b)
503	Energy	0		0	320.7.(b)
504 - Cr.	Energy	0		0	320.8.(b)
505	Demand	286,611		286,611	320.9.(b)
506	Demand	27,429,136	0	27,429,136	320.10.(b)
507	Demand	9,002		9,002	320.11.(b)
509	Energy	276,749		276,749	320.12.(b)
510	Energy	4,819,519		4,819,519	320.15.(b)
511	Demand	6,788,960		6,788,960	320.16.(b)
512	Energy	54,273,067		54,273,067	320.17.(b)
513	Energy	14,875,854		14,875,854	320.18.(b)
514	Demand	15,960,064		15,960,064	320.19.(b)
517	Demand	0		0	320.24.(b)
519	Demand	0		0	320.26.(b)
520	Demand	0		0	320.27.(b)
521	Demand	0		0	320.28.(b)
522 - Cr.	Demand	0		0	320.29.(b)
523	Demand	0		0	320.30.(b)
524	Demand	0		0	320.31.(b)
525	Demand	0		0	320.32.(b)
528	Energy	0		0	320.35.(b)
529	Demand	0		0	320.36.(b)
530	Energy	0		0	320.37.(b)
531	Energy	0		0	320.38.(b)
532	Energy	0		0	320.39.(b)
535	Demand	1,505,278		1,505,278	320.44.(b)
536	Demand	29,928		29,928	320.45.(b)
537	Demand	736,225		736,225	320.46.(b)
538	Demand	20,189		20,189	320.47.(b)
539	Demand	3,470,270		3,470,270	320.48.(b)
540	Demand	409,669		409,669	320.49.(b)
541	Demand	419,452		419,452	320.53.(b)
542	Demand	3,950,652		3,950,652	320.54.(b)
543	Demand	2,516,150		2,516,150	320.55.(b)
544	Energy	3,457,280		3,457,280	320.56.(b)
545	Demand	339,312		339,312	320.57.(b)
546	Demand	255,859		255,859	321.62.(b)
548	Demand	374,086		374,086	321.64.(b)
549	Demand	22,100		22,100	321.65.(b)
550	Demand	0		0	321.66.(b)
551	Demand	0		0	321.69.(b)
552	Demand	0		0	321.70.(b)
553	Demand	1,713,434		1,713,434	321.71.(b)
554	Demand	0		0	321.72.(b)
<hr/>					
Total		211,739,201	0	211,739,201	
<hr/>					
Demand		134,036,732	0	134,036,732	
Energy		77,702,469	0	77,702,469	
Total		211,739,201	0	211,739,201	
<hr/>					
Demand	%			63.303%	
Energy	%			36.697%	
Total	%			100.000%	

Notes:

¹ References to data from FERC Form 1 are indicated as page#, line#, col.# for the ending total balances pgs. 320-323,,b

² From Company's Books and Records.

Appalachian Power Company
Capacity Cost of Service Formula Rate
Workpaper 15a

Intentionally left blank - not applicable.

Appalachian Power Company
Capacity Cost of Service Formula Rate
Workpaper 15b

Intentionally left blank - not applicable.

Appalachian Power Company
 Capacity Cost of Service Formula Rate
 Workpaper 15c - Purchased Power
 For the Year Ended December 31, 2017

<u>Month</u>	<u>Demand (\$) ¹</u>	<u>Energy (\$) ¹</u>	<u>Other Charges ²</u>	<u>Total Purchased Power Expense</u>
Dec-16	52,271,241	338,026,129	0	390,297,370
Total	52,271,241	338,026,129	0	390,297,370
	327, j	327, k	327, l	327, m

Notes:

¹ References to data from FERC Form 1 are indicated as page#, line#, col.# for the ending total balances.

² The deferred portion of APCo's capacity equalization payments related to environmental compliance investments FF 1, pg. 327, column (l)

Appalachian Power Company
Capacity Cost of Service Formula Rate
Workpaper 15d - Off-System Sales
For the Year Ended December 31, 2017

<u>Month</u>	<u>Demand (\$) ¹</u>	<u>Other Charges (¹)</u>	<u>Energy (\$) ¹</u>	<u>Total</u>
Dec-17	2,664,550	0	94,436,009	97,100,559

<u>Month</u>	<u>(²) Margins</u>
Dec-17	11,339,523

¹ References to data from FERC Form 1 are indicated as page#, line#, col.# for the ending total balances.
F1, 311, h, i, j (Non-RQ)

² margins provided by Accounting (represents 75% of system sales margins)

Appalachian Power Company
Capacity Cost of Service Formula Rate
Workpaper 16 - GSU Plant and Accumulated Depreciation Balance
For the Year Ended December 31, 2017

company	major_location	asset_location	utility_account	depr_group	state	month	book_cost	allocated_reserve	net_book_value
Appalachian Power - Gen	Niagara Hydro Plant	Niagara Hydro Plant : APCo : 0650	35200 - Structures and Impri	APCo 101/6 352 GSU	VA	12/2017	1,579.00	760.54	818.46
Appalachian Power - Gen	John E Amos Generating Plant	John E. Amos Generating Plant Unit 3 : APCo : 0743	35200 - Structures and Impri	APCo 101/6 352 GSU	WV	12/2017	24,415.85	9,683.84	14,732.01
Appalachian Power - Gen	Transmission Subs 138KV-VA, APCo	Clinch River 138KV Substation : APCo : 0771	35200 - Structures and Impri	APCo 101/6 352 GSU	VA	12/2017	46,746.00	26,038.21	20,707.79
Appalachian Power - Gen	John E Amos Generating Plant	John E. Amos Generating Plant Units 1 & 2 : APCo : 0740	35200 - Structures and Impri	APCo 101/6 352 GSU	WV	12/2017	61,600.00	34,644.44	26,955.56
Appalachian Power - Gen	Mountaineer Generating Plant	Mountaineer Generating Plant : APCo : 0710	35200 - Structures and Impri	APCo 101/6 352 GSU	WV	12/2017	84,966.37	38,274.85	46,691.52
Appalachian Power - Gen	Dresden Generating Plant	Dresden Generating Plant : APCo : DRESGP	35300 - Station Equipment	APCo 101/6 353 Dresden Plant	OH	12/2017	17,759,482.75	2,010,251.18	15,749,231.57
Appalachian Power - Gen	Dresden Generating Plant	Dresden Plant - Virginia AFUDC : APCo : DRESAFUDCVA	35300 - Station Equipment	APCo 101/6 353 Dresden VA AFUCOH	OH	12/2017	1,628,160.99	484,913.53	1,143,247.46
Appalachian Power - Gen	Transmission Subs =69KV-WV, APCo	Marmet Hydro 46KV Substation : APCo : 0511	35300 - Station Equipment	APCo 101/6 353 GSU	WV	12/2017	25,751.00	20,472.60	5,278.40
Appalachian Power - Gen	Transmission Subs =69KV-VA, APCo	Byliesby 69KV Substation : APCo : 0631	35300 - Station Equipment	APCo 101/6 353 GSU	VA	12/2017	132,441.00	99,157.84	33,283.16
Appalachian Power - Gen	Transmission Subs 138KV-VA, APCo	Leesville 138KV Substation : APCo : 0691	35300 - Station Equipment	APCo 101/6 353 GSU	VA	12/2017	193,579.48	152,271.10	41,308.38
Appalachian Power - Gen	Transmission Subs =69KV-WV, APCo	London Hydro 46KV Substation : APCo : 0521	35300 - Station Equipment	APCo 101/6 353 GSU	WV	12/2017	366,061.00	221,005.27	145,055.73
Appalachian Power - Gen	Niagara Hydro Plant	Niagara Hydro Plant : APCo : 0650	35300 - Station Equipment	APCo 101/6 353 GSU	VA	12/2017	374,454.12	84,898.68	289,555.44
Appalachian Power - Gen	Clinch River Generating Plant	Clinch River Generating Plant : APCo : 0770	35300 - Station Equipment	APCo 101/6 353 GSU	VA	12/2017	539,626.53	384,597.70	155,028.83
Appalachian Power - Gen	Transmission Subs 138KV-VA, APCo	Claytor 138KV Substation : APCo : 0621	35300 - Station Equipment	APCo 101/6 353 GSU	VA	12/2017	673,990.00	339,614.34	334,375.66
Appalachian Power - Gen	John E Amos Generating Plant	John E. Amos Generating Plant Common Facilities for Units 1, 2 & 3 : APCo : 0740	35300 - Station Equipment	APCo 101/6 353 GSU	WV	12/2017	1,166,092.20	697,253.92	468,838.28
Appalachian Power - Gen	Smith Mt Pumped Storage Hydro Plant	Smith Mountain Pumped Storage Hydro Plant : APCo : 0550	35300 - Station Equipment	APCo 101/6 353 GSU	VA	12/2017	1,733,380.40	880,364.76	853,015.64
Appalachian Power - Gen	Transmission Subs =69KV-WV, APCo	Winfield Hydro 69KV Substation : APCo : 0531	35300 - Station Equipment	APCo 101/6 353 GSU	WV	12/2017	1,959,926.26	510,944.86	1,448,981.40
Appalachian Power - Gen	Cerodo Generating Plant	Cerodo Generating Plant : APCo : CERGP	35300 - Station Equipment	APCo 101/6 353 GSU	WV	12/2017	5,398,124.18	1,549,479.88	3,848,644.30
Appalachian Power - Gen	Mountaineer Generating Plant	Mountaineer Generating Plant : APCo : 0710	35300 - Station Equipment	APCo 101/6 353 GSU	WV	12/2017	8,210,816.29	1,580,360.48	6,630,455.81
Appalachian Power - Gen	John E Amos Generating Plant	John E. Amos Generating Plant Unit 3 : APCo : 0743	35300 - Station Equipment	APCo 101/6 353 GSU	WV	12/2017	13,812,138.53	6,840,909.34	6,971,229.19
Appalachian Power - Gen	John E Amos Generating Plant	John E. Amos Generating Plant Units 1 & 2 : APCo : 0740	35300 - Station Equipment	APCo 101/6 353 GSU	WV	12/2017	16,172,147.04	5,270,322.61	10,901,824.43
Appalachian Power - Gen Total							70,365,478.99	21,236,219.97	49,129,259.02

Appalachian Power Company
 Workpaper 17-Balance of Transmission Investment
 Capacity Cost of Service Formula Rate
 Balance as of December 2017

fr_desc	fpa	fc_sortid	description	beginning_balance	additions	retirements	transfers	adjustments	ending_balance	start_month	end_month
none	353 - Station Equipment	6	Transmission Plant - Electric	1,230,490,509	154,834,977	13,491,309	(370,209)	(5,106,112)	1,366,357,856	1/1/17	12/31/17

Notes:
 References to data from FERC Form 1 page(s) 206,207, Ln. 50

Appalachian Power Company
Capacity Cost of Service Formula Rate
Workpaper 18 - Fuel Expense
For the Year Ending December 31, 2017

<u>Fuel</u>		<u>Source</u> ^{1 2}
Fuel - Account 501	557,722,442	320, 5, b
Fuel - Account 518	0	320, 25, b
Fuel - Account 547	5,917,595	321, 63, b
Total Fuel	563,640,037	
 <u>Other</u>		
Fuel Handling	20,847,101	CBR
Sale of Fly Ash (Revenue & Expense)	(1,027,221)	CBR

Notes:

¹ References to data from FERC Form 1 are indicated as page#, line#, col.# for the ending total balances.

² CBR indicates that data comparable to that reported in the FERC Form 1 is from the Company's Books and Records.

Appalachian Power Company
 Capacity Cost of Service Formula Rate
 Workpaper 19 - Plant Held for Future Use
 For the Year Ending December 31, 2017

	End of Year		
	Total	Demand ¹	Energy
Production	428,415	428,415	0
Transmission	1,632,032		
Distribution	2,130,647		
General	3,719		
Total	4,194,813	428,415	0

FF1, 214, d

Notes:

¹ CBR indicates that data comparable to that reported in the FERC Form 1 is from the Company's Books and Records.